GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:3004
ANSWERED ON:03.08.2017
Irregularities in Purchase of Aircraft for Air India
Senguttuvan Shri Balasubramaniam

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Central Bureau of Investigation (CBI) has registered three FIRs relating to cheating, criminal breach of trust and abuse of official position and one preliminary enquiry on the direction of the Supreme Court based on a Public Interest Litigation against unknown persons in the Ministry, Air India and certain other private individuals and if so, the details thereof;

(b) whether the FIRs relate to the purchase of 111 aircrafts for Air India (AI) and Indian Airlines (IA) from Airbus Industries and Boeing with a view to benefitting them while the national carrier was financially too stressed to afford it, which was described by the Comptroller and Auditor General of India as a recipe for disaster, leasing of aircrafts for IA and AI while the acquisition programme was on causing further loss and also to giving up profit-making international and domestic routes to favour other private airlines and if so, the details thereof;

(c) whether the merger of AI and IA further compounded the situation and caused more losses and if so, the details thereof;

(d) whether the new aircrafts which were needlessly purchased were junked as unsuitable and sold for less-than-the-market prices occasioning further loss and if so, the details thereof; and

(e) whether the evidence gathered makes out the prima-facie culprits and traitors who betrayed the national interest and if so, the action taken by the Government in this regard?

Answer

The Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a): Central Bureau of Investigation (CBI) has recently registered the following reports:

i. Preliminary Enquiry Registration Report -PE-DAI-2017-A-0004 dated 29.05.2017

ii. FIR No. RC-DAI-2017-A-0020 dated 29.05.2017;

iii. FIR No. RC-DAI-2017-A-0021 dated 29.05.2017;

iv. FIR No. RC-DAI-2017-A-0022 dated 29.05.2017.

(b): The FIR No. RC-DAI-2017-A-0020 dated 29.05.2017 pertains to the acquisition of 111 aircraft from Airbus Industries and Boeing. The erstwhile Air India (AI) had placed an order of 68 Boeing Aircraft in December, 2005 and the erstwhile Indian Airlines (IA) had placed an order for 43 Airbus Aircraft in February, 2006. These orders were mainly placed for replacing ageing fleet, improving schedule integrity etc.

(c): Merger of AI and IA led to HR issues affecting the working of airline. Air India has been facing losses for the past many years on account of a multitude of factors which include:
i High fuel prices;

ii High interest burden;

iii Increase in competition especially from low cost carriers;

iv High Debt Equity Ratio;

v High Airport User Charges;

vi Adverse impact of exchange rate variation due to weakening of the Indian Rupee.

(d): No, Madam.

(e): FIR has already been registered by CBI regarding the alleged irregularities in procurement/purchase of aircraft.